

A FRAMEWORK FOR GREEN MANUFACTURING PRACTICES IN SMALL
AND MEDIUM ENTERPRISES IN MALAYSIA

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ABSTRACT

Green Manufacturing Practices (GrMP) is a term used to describe manufacturing practices that do not harm the environment during any part of the manufacturing process. It emphasizes the use of processes that do not pollute the environment or harm consumers, employees, or other members of the community. Small and medium enterprises (SMEs) are moving toward sustainable alternatives through GrMP method. It stresses on critical factors such as organisational style, eco-knowledge, business environment, society influences, supply chain management and technology network. Large size industries are more compelled to do so compared to SMEs due to the fact that they are more influential with better organizational management and good financial stability compared to SMEs. However, SMEs are trying to adapt GrMP as a mandatory process, but lack of proper framework which guide them for implementation. Therefore, this study develops the framework of GrMP for local SMEs. The study involves enablers and barriers in implementing GrMP from previous literatures. This work formulate a framework based on relationship between criticals factors with enablers and barriers. 59 of respondents from local industries in Malaysia were selected as respondents based on six of critical factors divided into two parts which are enablers and barriers. The questionnaire are designed based on this. Survey were evaluated by using Statistical Package for the Social Sciences (SPSS) version 23, in terms of correlation, reliability, central tendency and variability testing. The finding on this study in the term of framework will help SMEs to implementing GrMP. Framework formulate relates the critical factors from previous literature and enablers and barriers from survey based on perception of industries expert. GrMP for SMEs are the first step of environmental awareness and ecological responsibilities.

ABSTRAK

Amalan Pengilangan Hijau (GrMP) adalah istilah yang digunakan untuk mempraktikkan amalan perkilangan yang tidak membahayakan alam sekitar semasa mana-mana bahagian proses pembuatan. Perusahaan kecil dan sederhana (PKS) bergerak ke arah alternatif melalui kaedah GrMP. Ia menekankan penggunaan proses yang tidak mencemarkan alam sekitar atau membahayakan pengguna, pekerja, atau ahli komuniti lain. Ia menekankan faktor kritikal yang mempengaruhi GrMP iaitu gaya organisasi, pengetahuan eko, persekitaran perniagaan, pengaruh masyarakat, pengurusan rantai bekalan dan rangkaian teknologi. Industri bersaiz besar lebih berkebolehan berbuat demikian berbanding PKS disebabkan oleh lebih berpengaruh dengan pengurusan organisasi yang lebih baik dan kestabilan kewangan yang baik berbanding PKS. Walau bagaimanapun, PKS berusaha menyesuaikan diri dengan GrMP sebagai proses wajib, tetapi PKS tempatan yang tidak mempunyai rangka kerja yang betul sebagai panduan untuk mereka laksanakan. Kajian ini membangunkan rangka kerja GrMP di PKS tempatan. Kajian ini mengandungi pemboleh dan halangan dalam melaksanakan GrMP dari kajian literatur terdahulu. Kajian ini membentuk rangka kerja berdasarkan hubungan antara faktor kritikal dengan pemboleh dan halangan. 59 responden dari industri tempatan di Malaysia dipilih sebagai responden berdasarkan enam faktor kritikal yang dibahagikan kepada dua bahagian iaitu pemboleh dan halangan. Soal selidik dibangunkan berdasarkan faktor tersebut. Tinjauan telah dinilai dengan menggunakan versi Pakej Statistik untuk Sains Sosial (SPSS) versi 23, dari segi korelasi, kebolehpercayaan, kecenderungan pusat dan ujian kepelbagaian. Penemuan kajian ini dalam bentuk rangka kerja akan membantu PKS untuk melaksanakan GrMP. Rangka kerja menghubungkan kaitkan faktor kritikal dari kajian terdahulu dan pemboleh dan halangan dari kaji selidik berdasarkan persepsi pakar industri. GrMP untuk PKS adalah langkah pertama kesedaran alam sekitar dan tanggungjawab ekologi.

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LIST OF ABBREVIATIONS

ANP	-	Analytic Network Process
EMS	-	Environmental Management Systems
GM	-	Green Manufacturing
GrMP	-	Green Manufacturing Practices
GSC	-	Green Supply chain
GSCM	-	Green Supply chain Management
MANOVA	-	Multivariate Analysis of Variance
NSDC	-	National Skill Development Corporation
SME	-	Small and Medium Enterprise
SPSS	-	Statistical Package for the Social Sciences



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CHAPTER 1

INTRODUCTION

1.1 Background of study

There are many interpretations of green manufacturing (GM) and all of it conveys similar meanings. Generally, GM can be defined as the three “R”s that is remanufacture, reduce, and reuse/recycle (Kannan *et al.*,2015) which includes activities such as reducing hazardous waste volume, minimizing coolant consumption while machining, and calculating proper energy mixes to ensure a sustainable energy source (Dornfeld *et al.*,2013). Nowadays, in this global world environment is the one crucial one with and change in climate at any point leads to the imbalance of the earth. Based on the environmental, social and economic perspectives, GM means designing, manufacturing, delivering and disposing of products that produce a minimum negative effect on the environment and society and are economically viable (Varinder and Kuldeep, 2014). The term GM was coined to reflect a new manufacturing paradigm which implements various green strategies (objective and principles) and techniques (technology and innovation) to become more efficient (Ahmed, 2011).

The main focus of this study is on Green Manufacturing Practices (GrMP) in local small medium enterprises (SMEs). This study focuses on SMEs which lack of environmental concern that should be viewed as an opportunity to expand the local to a global market (Ahmed, 2011). Since SMEs are the long-term survival in development of employees and also enhance productivity and profitability according to Haslinda and Muruga (2016), the GrMP promoted the positive adoption. To implement this practice into the SMEs, there are enablers and barriers that have to be

overcome. In general, large industries are more compelled to implement GrMP due to the as they are more influential with better organizational management and good financial stability compared to SMEs (Raja Ariffin *et al.*, 2015).

1.2 Problem statement

GrMP will lead to economic, environmental and social problems from climate change because of the firms consume energy and natural resources in highly unsustainable manner and release large amounts of green house gases (Varinder and Kuldip, 2014). The possible adverse effects of GrMP implementation on profit margins are the worries of industrialists even though implementation provides a competitive edge and other benefit (Hui *et al.*, 2001). Due to the environmental and ecological responsibilities, enterprises are trying to adopt GrMP as a mandatory process, but many local SMEs lack the data, resources, technical expertise and experience required to implement green initiatives (Raja Ariffin *et al.*, 2015). Effort should be made in such a way that GrMP should come at no additional cost and for this environmental benchmarking of manufacturing process is needed (Minhaj and Shrivastava, 2013). The study on enablers and barriers are very useful to SME to practice GrMP. What is further needed is to organize the enablers and barriers in a more organize and structured manner. The industry in Malaysia lacks structured framework to measure GrMP level of implementation and identify areas of improvement to build a more effective GrMP. In order to fill the gap, this study will develop the framework of GrMP for local SMEs. It is hope that the framework will be a useful tool for SMEs to adopt GrMP.

1.3 Objectives of study

From the problem statement, some important objectives can be identified. These objectives are:-

- i. To identify the critical factors which influences GrMP in SME through the enablers and barriers
- ii. To study the perception of local industry on enablers and barriers of GrMP

- iii. To establish a framework of GrMP for SME in Malaysia based on critical factors, enablers and barriers.

1.4 Scope of study

During this study, some scopes have been set. The scopes of the study are:-

- i. This study is conducted at SMEs in Malaysia only.
- ii. This study focused on critical factors that affect GrMP that has been established by earlier studies.
- iv. This study focused on enablers and barriers which are related GrMP that was suggested by earlier researcher.

1.5 Significance of study

The significance of this research is that it will enable GrMP to be implemented with guidance from the framework and it focus on SMEs in Malaysia. This study will elaborate on the important factors which include the ISO 14001, green supply process, social response, economic perspectives, and waste recovery. The result will assists SMEs to practice GrMP to the fullest and is in accordance to government policies.

1.6 Organisation of thesis

The thesis is organized with the background of research in Chapter 1. This is followed by the literature reviews in Chapter 2. Chapter 3 discussed about the research methodology. The discussion and analysis of data is explained and discussed in Chapter 4. While in Chapter 5 a comprehensive discussion about the formulation and design of the framework in elaborated. Finally in chapter 6, the conclusion and recommendation for further research are presented.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

In this chapter, literature review pertaining to GrMP in SMEs are discussed. Definition and development of GrMP elaborated in Subtopic 2.2. Subtopic 2.3 discuss about SMEs while Subtopic 2.4, application of the framework in GrMP at large industries (locally and internationally) and SMEs was reviewed. This subtopic has covered a relationship between SMEs and GrMP and framework that large industries adopts in many aspects such as environmental, supply chain management, economic, social and others. Issues in implementing GrMP discussed in Subtopic 2.5 which divided into factors, enablers and barriers. Factors of GrMP that reviewed are ISO 14001, green supply, energy saving, water saving and waste recovery. While for enablers and barriers were made into tabulating listed from previous literature that found by some researchers. Subtopic 2.6 are covered about challenges in implement GrMP in SMEs and limitation of existing framework in SMEs. Challenges and issues facing Malaysian industries in implementing GrMP in SMEs based on environment and geographical region are discussed.

2.2 Green Manufacturing Practices (GrMP)

In today's world, the green manufacturing is a major issue. Green manufacturing is the application of one or more of environmental science, green chemistry, environmental monitoring and electronic devices to monitor, model and conserve the natural environment and resources, and to curb the negative impacts of human involvement (Paul *et al.*, 2014).

2.2.1 Definition of Green Manufacturing

According to Paul *et al.*, (2014) mentioned that Green Manufacturing (GM) which are suitable a sustainable development. From Varinder and Kuldip (2014) was mentioned that GM means designing, manufacturing, delivering, and disposing products that produce minimum negative effect on environment and society and are economically viable. GM also can be defined in two ways which are manufacturing of "green" products, used in renewable energy systems and clean technology equipment of all kinds, and the second is the "greening" of manufacturing which means reducing pollution and waste by minimizing natural resources use, recycling and reusing what was considered waste and reducing emissions. The term of GM was coined to reflect a new paradigm which implements various green strategies (objectives and principles) and techniques (technology and innovation) to become more efficient (Ahmed, 2011). GM lead to production efficiency (i.e. less energy and water usage), lower raw material costs (i.e. recycling waste rather than purchasing virgin materials), reduces environmental and occupational safety expense (i.e. lower regulatory compliance cost and potential liabilities), and improved corporate image (i.e. decrease in negative environmental impact by the public) (Porter and Linde, 1995). The concept of GM is very simple and relate to minimizing the use of resources and the environmental impact of a product. The GM process cycle is shown in Figure 2.1 (Raja Ariffin *et al.*, 2015).

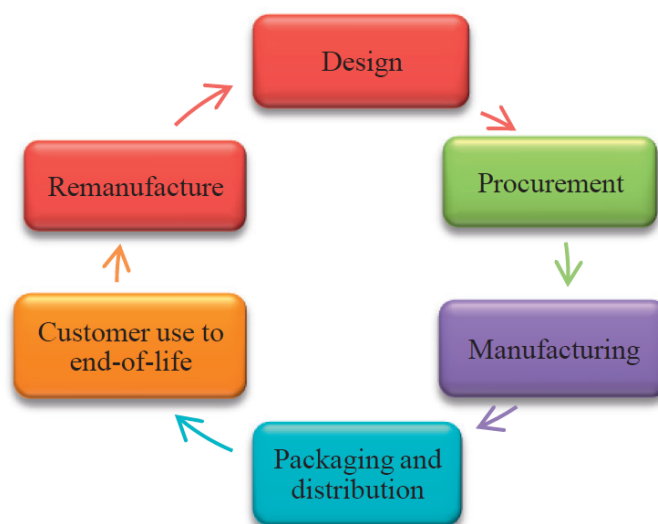


Figure 2.1: GM process cycle (Raja Ariffin *et al.*, 2015).

From the GM cycle, it can be seen that the process begun with the design process, followed by procurement, manufacturing, packaging and distribution, customer use to end-of-life and remanufacture. The process begins with the design similar to producing a product. The design should consider the environment, reduction of toxic process, packaging and green material. Followed by procurement process, it included the factor of supplier compliance, recirculation of packing and eco-efficient supply. After the procurement stage, it goes through with the manufacturing process that covers the resources efficiency, energy efficient, toxic free and lean. For packaging and distribution process, the main “3R” is the main role which means returnable, reusable and recyclable process. When the product came to the end of its life, it sent to the disposal center and depending on the condition of the product. For the last stage of this GM cycle is remanufacture. Its process depends on the type, materials, cost, conditions and others. Remanufacture stage will consider the reuse, disassembly, mono materials and low cost of disposal.

Rehman and Shrivastava (2013) mentioned that GM literature taxonomy from previous research stated that GM covered as shown in Figure 2.2. Important elements are divided into 12 broad categories. The highlighted importance and operational technologies, selected approaches or methodologies, tools, trends and experience, measurement, organizational culture, GM practices (industry specific and country specific), elements of GM, legislation issues, economic aspects and integrating GM with quality effort.

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